

FEDERAL TRADE COMMISSION

Press Release — For Release

FTC Wins Civil Contempt Order and Preliminary Injunctions Against the Sterling Group

Couple Jailed for Failing to Repatriate Almost \$1.3 Million in Offshore Account

June 19, 1998

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In the latest development in the Federal Trade Commission's case against a Nevada telemarketing operation doing business as the Sterling Group, Judge Lloyd D. George, of the U.S. District Court for the District of Nevada, on June 17, 1998, found San Diego defendants Denyse Anderson and Michael Anderson in contempt of court for failing to repatriate almost \$1.3 million in assets located in an offshore trust. As a result of the contempt order, the Andersons will be jailed until the money is recovered.

The FTC's complaint against Affordable Media, LLC, doing business as Sterling Group Media and The Sterling Group, LLC., and its affiliates was announced on April 28, 1998. It alleged that the defendants, including the Andersons, promised prospective investors at least a 25 percent profit, as well as the return of their principal, within 90 days, if they invested in the defendants' "Media Units" -- blocks of television commercials that promoted various products with purportedly proven consumer appeal.

At a preliminary injunction hearing on May 8, 1998, the FTC presented evidence that these defendants' telemarketing operation raised over \$13 million for the fraudulent Sterling offering, and that the defendants received 45 percent commissions on their sales. In a written opinion issued on May 22, 1998, Judge George ruled that "there is a substantial likelihood that the FTC will succeed on the merits in its litigation against" the Andersons and their company. The court found that the Andersons "were recklessly indifferent to the likelihood that Sterling was operating a Ponzi scheme which paid early investors to attract subsequent investors, knowing that the representations made to the later investors could not be met." Judge George observed further that the Andersons "fell woefully short in verifying the legitimacy of the venture they were promoting."

All of the remaining defendants in the case, except Eric Stein and Affordable Media, stipulated to preliminary injunctions. The Nevada Attorney General has obtained an arrest warrant for Mr. Stein.

The FTC's complaint named Las Vegas-based Affordable Media, LLC; Financial Growth Consultants, based in San Diego, d/b/a Sterling Marketing Group; Sterling Multi-Media Co., and Venture Capitalization Co., both based in Lakewood, Colorado; Eric Steven Stein, Ina Liberty Bell, and Ruth Stein, also known as Ruth Garcia, all managers of Affordable Media; Denyse Lindaalyce Anderson and Michael K. Anderson, managers of Financial Growth; and George John McWilliams and Edward James Hally, managers of Sterling Multi-Media and Venture Capitalization.

According to the complaint, the defendants' telemarketers offered consumers a chance to buy from Affordable Media or Sterling Multi-Media a "Media Unit" that entitles its owner to share the proceeds from the sales of products advertised in a number of television commercials that Sterling places in various media markets. The products have a retail price of \$20 each. But, according to the telemarketers, their actual cost is \$5, so each sale yields a \$15 profit. The telemarketers told potential investors that each commercial spot is almost certain to generate at least five sales. The complaint alleges that the defendants marketed their services through unsolicited telephone calls, and advertisements posted on the Internet.

The preliminary injunctions obtained by the FTC prohibit the defendants from promoting, selling or assisting others, in any investment opportunity in which prospective investors would purportedly receive returns on their investments derived wholly or in part from the sale of products advertised by means of television commercials. In addition, the defendants are prohibited from making false or misleading oral and written representations in connection with promoting or selling any investment opportunity. The injunctions also froze the assets in the possession or control of the defendants.

Copies of the preliminary injunctions and the court's opinion are available from the FTC's Consumer Response Center, Room 130, 6th Street and Pennsylvania Avenue, N.W., Washington, D.C. 20580; 202-FTC-HELP (202-382-4357); TDD for the hearing impaired 1-866-653-4261. To find out the latest news as it is announced, call the FTC NewsPhone recording at 202-326-2710.

Bureau of Consumer Protection, Sterling Group Hotline Number 1-877-FTC-HELP (1 877-382-4357)

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